



NEW

## NOTICE OF ACTION TAKEN

March 20, 1998

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This serves as interim notice to the public of the action described below, taken orally by the Department official indicated; the confirming order or other decision document will be issued as soon as possible.

Applications of AMERICAN AIRLINES, INC., filed 5/7/97 and 9/30/97 in Dockets OST-97-2477 and 97-2944; AERO CALIFORNIA S.A. de C.V. (AeroCalifornia), filed 5/7/97 and 10/1/97 in Dockets OST-97-2481 and 97-2961; and AMERICAN AIRLINES, INC., and AERO CALIFORNIA filed 5/7/97 and 9/30/97 (Undocketed) for:

XX Exemption authority under 49 U.S.C. 40109

XX Statements of Authorizations under Part 207/212 of the Department's regulations to provide the following service:

Scheduled foreign air transportation of persons, property, and mail between various points in the United States and various points in Mexico, to allow for expansion of the code-share arrangement between American Airlines, Inc. (American), and Aero California S.A. de C.V. (AeroCalifornia). On February 4, and February 11, 1998, American and AeroCalifornia filed documents requesting immediate action on the following authorities:

Exemption authority for American in the following markets: Boston-La Paz/Loreto\*/Mazatlan; Chicago-Torreon; Dallas/Ft. Worth-Loreto\*; New York-Hermosillo/Los Cabos/Tijuana.

Statement of Authorization for AeroCalifornia under Part 212 of the Department's regulations to display American's "AA" airline designator code on flights operated by AeroCalifornia in the following markets:

Los Angeles-Mazatlan; Los Angeles-La Paz-Mazatlan; Los Angeles-Tijuana; Los Angeles-Durango-Torreon; Dallas/Ft. Worth-Hermosillo; Dallas/Ft. Worth-Chihuahua-Mazatlan; Dallas/Ft. Worth-Hermosillo-Tijuana; Mexico City-Mazatlan; Mexico City-Torreon; Guadalajara-Torreon; Mexico City-Durango; and Monterrey-Hermosillo for the carriage of American's U.S.-Mexico traffic described above, and for the carriage of traffic under authority already held by American (Dallas/Ft. Worth-Tijuana; Dallas/Ft. Worth-Hermosillo; and Dallas/Ft. Worth-Durango).

\*American's applications in the referenced dockets do not include a request to serve these markets. We viewed American's February 4 and 11 requests as an application for these authorities.

(See next page)

**Exemption authority for AeroCalifornia in the following markets: Chicago-Acapulco; Dallas/Ft. Worth-Cancun/Guadalajara/Leon/Hermosillo/Los Cabos/Monterrey; New York-Los Cabos; and Mexico City-Indianapolis/Minneapolis-St. Paul/Seattle/Charlotte/Raleigh-Durham/Nashville/Reno/Salt Lake City/Cincinnati/Portland.**

**Statement of Authorization for American under Part 207 of the Department's regulations to display AeroCalifornia's "JR" airline designator code on flights operated by American in the following markets:**

**Chicago-Acapulco; Dallas/Ft. Worth-Cancun; Dallas/Ft. Worth-Guadalajara; Dallas/Ft. Worth-Leon; New York-Dallas/Ft. Worth-Los Cabos; Dallas/Ft. Worth-Monterrey; Dallas/Ft. Worth-Mexico City; and Chicago-Mexico City for the carriage of Aero California's Mexico-U.S. traffic as described above.**

Applicant reps: **Carl Nelson for American (202) 496-5647** DOT Analyst: **Linda Lundell (202) 366-2336**  
**David Coburn for Aero California (202) 429-8063** **Allen Brown (202) 366-2405**

## **DISPOSITION**

**XX Granted, In Part, Carriers' Requests of February 4, and February 11, 1998 for the operating authority described (See Attachment).**

**XX As to those requests granted, dismissed carriers' request for longer term authority.**

**XX Dismissed American's exemption application and AeroCalifornia's request for a statement of authorization for Chicago/Dallas/Ft. Worth-Culiacan code-share services.**

**XX Deferred action on the balance of the carriers' requests in the referenced dockets.**

The above action was effective when taken: **3/20/98**. The exemption authority will expire **3/20/99**, or 90 days after final Department action on a corresponding certificate application, whichever occurs earlier. The statement of authorization authority will expire **6/14/98**.

**XX Under assigned authority (14 CFR 385) by:**

**Paul L. Gretch, Director**  
**Office of International Aviation**  
(Petitions for review may be filed from now until  
10 days after the confirming order/letter issues.  
Filing of a petition shall not stay the effectiveness of this action.)

**XX Exemption authority granted is consistent with the aviation agreement between the United States and Mexico. The code-share authority granted is consistent with the overall state of aviation relations with Mexico.**

Except to the extent exempted or waived, this authority is subject to the terms, conditions, and limitations indicated:

**XX Holder's certificate of public convenience and necessity (American)**

**XX Standard Exemption Conditions (attached) (American and AeroCalifornia)**

(See next page)

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Special Conditions/Remarks: The U.S.-Mexico exemption authority granted to American is subject to the dormancy notice requirements set forth in condition 7 of Appendix A of Order 88-10-2.

In the interest of administrative efficiency, and consistent with our standard practice regarding U.S.-Mexico code-share authorities, the code-share authorities granted here have been awarded coextensive with duration of the code-share authorities already held by the carriers for other U.S.-Mexico code-share services. (See Statements of Authorization granted December 18, 1998 to American and AeroCalifornia as well as to Delta Air Lines and United Air Lines and their respective code-share partners). We dismissed the balance of the requests for those authorities granted insofar as the requests sought longer-term authority. Because the authority granted here is for a period of less than 180 days, APA rights will not apply. The dismissal is without prejudice to the carriers filing for extension of the authorizations at the appropriate time.

The code-share operations authorized here are subject to compliance with section 399.88 of the Department's regulations regarding code-sharing operations and any amendments to those regulations that may be adopted by the Department, and the further condition that the foreign air transportation be sold in the name of the carrier holding out service in computer reservation systems and elsewhere, that the carrier selling such transportation accept all obligations established in the contract of carriage with the passenger (i.e., the ticket), and that where applicable the operator shall not permit the code of its U.S. code-sharing partner to be carried on any flight that enters, departs, or transits the airspace of any area for whose air space the Federal Aviation Administration has issued a flight prohibition.

Authorization of the code-share services may be withdrawn in any U.S.-Mexico city-pair market where another U.S. carrier proposes to operate services with its own aircraft (direct carrier services) and (1) additional designations are not available to authorize the proposed direct carrier service; and (2) the Department determines that the proposed direct carrier services would provide benefits and service options superior to the code-share operations in the market.

United argued that the Department must defer action on the American/AeroCalifornia requests to the extent that there are an insufficient number of designations available to satisfy all of the alliances seeking authorization. In response, American and Aero California urged that, if we grant any carrier's discrete request, we should also grant their joint request. Consistent with our standard practice with respect to U.S. carrier applications for Mexico, we have deferred action to the extent that American's exemption applications to serve U.S.-Mexico markets are mutually exclusive with those of other U.S. carriers. Consistent with our standard practice with respect to Mexican carrier exemption applications of the type involved here, we have granted authorizations to the extent that the carrier held the necessary underlying authority and designation from Mexico to conduct the proposed services. To the extent such authority and designation were held, we granted the U.S. carrier code-share partner the necessary statement of authorization to engage in the code-share operations proposed ( see Order 97-7-31). Pursuant to the previously described standard practices, we deferred action on American's request for exemption authority and AeroCalifornia's request for a Statement of Authorization to provide code-share services in the following markets: New York-Hermosillo/Los Cabos/Tijuana.

Finally, we dismissed the joint applicants' request for authority to serve the Chicago/Dallas/Ft. Worth-Culiacan markets, since both carriers already hold the necessary authority for code-share services in these markets (originally granted by Order 97-7-31 on July 29, 1997, and renewed on December 18, 1997).

## **ATTACHMENT**

### **AUTHORITY GRANTED ORALLY**

**Exemption authority for American in the following markets: Boston-La Paz/Loreto/Mazatlan; Chicago-Torreon; and Dallas/Ft. Worth-Loreto.**

**Statement of Authorization for AeroCalifornia under Part 212 of the Department's regulations to display American's "AA" airline designator code on flights operated by AeroCalifornia in the following markets:**

**Los Angeles-Mazatlan; Los Angeles-La Paz-Mazatlan; Los Angeles-Tijuana; Los Angeles-Durango-Torreon; Dallas/Ft. Worth-Hermosillo; Dallas/Ft. Worth-Chihuahua-Mazatlan; Dallas/Ft. Worth-Hermosillo-Tijuana; Mexico City-Mazatlan; Mexico City-Torreon; Guadalajara-Torreon; Mexico City-Durango; and Monterrey-Hermosillo for the carriage of American's U.S.-Mexico traffic described above, and for traffic under authority already held by American (Dallas/Ft. Worth-Tijuana; Dallas/Ft. Worth-Hermosillo; and Dallas/Ft. Worth-Durango).**

**Exemption authority for AeroCalifornia in the following markets: Chicago-Acapulco; Dallas/Ft. Worth-Cancun/Guadalajara/Hermosillo/Leon/Los Cabos/Monterrey; New York-Los Cabos; and Mexico City-Indianapolis/Minneapolis-St.Paul/Seattle/Charlotte, Raleigh-Durham/Nashville/Reno/Salt Lake City/Cincinnati/Portland.**

**Statement of Authorization for American under Part 207 of the Department's regulations to display AeroCalifornia's "JR" airline designator code on flights operated by American in the following markets:**

**Chicago-Acapulco; Dallas/Ft. Worth-Cancun; Dallas/Ft. Worth-Guadalajara; Dallas/Ft. Worth-Leon; New York-Dallas/Ft. Worth-Los Cabos; Dallas/Ft. Worth-Monterrey; Dallas/Ft. Worth-Mexico City; and Chicago-Mexico City for the carriage of Aero California's Mexico-U.S. traffic as described above.**